



# Haryana Government Gazette

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### HARYANA GOVERNMENT

#### ELECTRONICS & INFORMATION TECHNOLOGY DEPARTMENT

#### Notification

The 17th October, 2017

**No. Admn/459/ISIT/5679.**— The Governor of Haryana is pleased to notify a comprehensive Entrepreneur & Startup Policy, 2017 for the State, copy of which is attached at **Annexure 'X'**.

2. The said policy stands applicable with effect from 14.09.2017.

DEVENDER SINGH,  
Principal Secretary to Government, Haryana,  
Electronics & Information Technology Department.

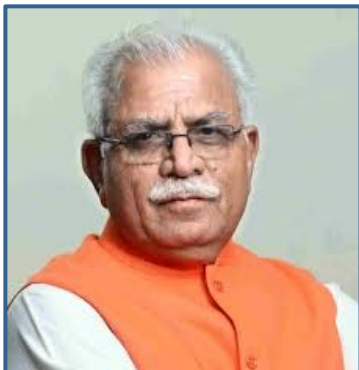
## Entrepreneur and Startup Policy 2017



GOVERNMENT OF HARYANA

## Foreword by Chief Minister

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For last 3 three years, we at Haryana government have been working along with Central Government, to develop an Ecosystem for Social and Economic growth. Various landmark reforms have been initiated to support all the sectors with special focus on Startups, as these sectors have the potential to solve the social and economic issues through innovative ideas and generate a plethora of employment opportunities.

Haryana provides “Entrepreneurs & Startups” access to a mature IT, Infrastructure, Manufacturing, Agriculture and Services Industry. Entrepreneur and Startup Policy of Haryana has been prepared keeping in view the teething problems faced by the Entrepreneurs. Various initiatives such as formation of Incubation Cells, Fiscal Incentives, Seed Funding, Student Entrepreneurship and Policy relaxation, have been provided in the

Startup Policy.

I would like the young generation and budding Entrepreneurs to take advantage of the provisions made in the “Entrepreneur and Startup” policy and resolve issues in the field of healthcare, education, social infrastructure of the community.

In line with the PM’s ‘Startup India Policy’, this policy aims to foster entrepreneurship and promote innovation by creating an ecosystem that is conducive for growth of Start-ups. Further, I am sure “Entrepreneur and Startup” policy of Haryana would help promote FDI and put Haryana on the Global Map

**Shri Manohar Lal**

**Chief Minister Haryana**

## Foreword by Principal Secretary, IT

Identification of untapped demand and underdeveloped markets, has given opportunities to various Entrepreneurs in India to launch new Business Platforms. These Entrepreneurs and Startups were further supported by the wide spread IT Infrastructure and IT services, available in India, which helped them automate the process and reduce the inefficiencies in the system.

Flipkart, Snapdeal, Paytm, OYO, Ola, Paperboat, BigBasket, Urbanladder are few names of successful “Startups” in India, which has not only led organic growth in India but also helped in development of support industries. With the Vision to give impetus to ‘Entrepreneurship’ and generate ‘Employment’, Haryana has formulated “Entrepreneur and Startup Policy”.



Haryana state provides excellent Infrastructure, access to markets, educated workforce, as a basic ecosystem for Entrepreneurs. “Entrepreneurship & Startup” policy has been prepared to capitalize from the opportunities available and create a win-win situation between State & Private sector.

By the virtue of provisions made in the policy, Haryana government would help “Entrepreneurs and Startups” through strong network of incubators and various fiscal incentives. Emphasis has been given on Infrastructure augmentation, Fiscal support, Seed funding, and Regulatory initiatives, to spur the entrepreneurial drive in Haryana.

I firmly believe that by the launch of this policy, a robust ecosystem would evolve that would promote new investments, create new business avenues, develop new ancillary industries, reduce unemployment, and provide better livelihood to the people of Haryana,

**Sh. Devender Singh, IAS**

**Principal Secretary, Electronics and Information Technology Department, Haryana**

## Foreword by Managing Director, HARTRON

Start-up India, stand-up India has been a dream mission of the Government of India, Haryana has been at the forefront of creating an ecosystem with similar mission which nurtures entrepreneurial spirit in local youth. In this context, the Government of Haryana has come out with its dedicated Start-up policy, which was drafted basis extensive stakeholder consultation, to make the policy pragmatic & implementable. This Start-up policy will empower youth to opt entrepreneurship as a career option rather than seeking a job.

Having personally interacted with several young entrepreneurs and innovators, I realized that this is the need of the time to enable and foster a startup eco-system in Haryana. Through this policy, we are committed to provide an entrepreneurial environment, which will ensure that even the common people can contribute & participate in uplifting Haryana economically as well as socially. The young talent with their creativity and skills will take Haryana to a state of 'job creators rather than job seekers'

I am glad that with this publication, it will encourage young entrepreneurs to build startups as well as create an innovation centric atmosphere in our happening state of Haryana.



**Vijayendra Kumar, IAS**

**Managing Director, Haryana State Electronics Development Corporation Ltd. (HARTRON) & Special Secretary (E & IT)**

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## **Preamble**

India is currently placed 3rd on the global list of the top five startup communities. The country has been able to establish a strong footprint in becoming a globally recognized Startup Nation. India has improved its innovation ranking in GII to reach 66th position from its last year's rank of 81st, India is the top-ranked economy in Central and Southern Asia, showing particular strengths in tertiary sector and R&D, the quality of its universities and scientific publications, its market sophistication and ICT service exports where it ranks first in the world. India also over-performs in innovation relative to its GDP. It ranks second on innovation quality amongst middle-income economies, overtaking Brazil. Several Indian companies that started as humble startup have been able to make a mark in the global investor fraternity. Unlike most of the developed economies, India is a young country with about 63% population currently being in the working age group of 15-59 years. It is the energy and enthusiasm of this youth which is the real driving force behind the entrepreneurial and Startup success. The perfect blend of rising aspirations of youth, audacity to pursue their interest and the enterprising bent of mind is helping the country to emerge as the leaders of new age entrepreneurship. The government is keen to channelize this energy by providing the right ecosystem, proactive policies and ready talent pool to the budding entrepreneurs.

Haryana is the home land of various new age entrepreneurs and is birth place of the many successful business magnets and large industrial houses of India. Gurgaon the IT city of Haryana, has evolved as a technology startup hub of India and has nurtured many successful startups, which now have become big brands. Haryana's economic growth has been exemplary and despite being geographically small, its contribution to the national economy is significant at nearly 3.5 percent of the GDP. While the State economy is home to a strong manufacturing sector, it is maturing at a fast pace with the Services and IT sectors gaining ground, making Haryana well poised to initiate the startup revolution. The Government of Haryana is keen to further harness the potential of young entrepreneurs by providing the necessary policy push and maximum convergence by linking the policy with the larger perspectives of Government of India initiatives including Digital India, Make in India, Standup & Startup India and Skill India. At this juncture, when Government of India is fiercely pursuing the goal of creating an enterprising India, State government also need to take initiative on its part to reinforce these initiatives by creating the enabling atmosphere; it is imperative for the State Government to place Startups and entrepreneurship at the core of policy making and come up with the dedicated policy to address the issues which are unconventional in nature and need a different & distinctive lens to help them in mushrooming. The core objective of this policy is to provide distinct levels of government support at every stage and to create a holistic and sustainable ecosystem.

## **Vision, Mission and Objectives**

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### **Vision**

To become a resourceful & inventive Start-up Hub of the country by supporting & assisting the new-age innovators and entrepreneurial talents across the State.

### **Mission**

- Establishing an IT Startup Hub in Gurugram.
- Build Incubation center in all part of State
- Creating a sustainable ecosystem of Innovation, R&D and Engineering in the state.
- Aligning Haryana with the 'Startup India' flagship initiative of the Govt. of India.
- Enhancing links between universities, research institutions and the business community.
- Promoting businesses that are aligned with a region's unique areas of opportunity

### **Objectives**

- Attract INR 1500 Crores investments into the Incubation and Startup Ecosystem in Haryana during policy period
- Establish at least 22 Technology /Business Incubators / Accelerators in each of the different sectors in every district of Haryana
- Develop 1 million sq. ft. of Incubation/ Common Office space
- Facilitate Venture Capital funding of a minimum of INR 200 Crore
- Encourage/Facilitate/Incubate at least 500 startups

## **Definition & Eligibility**

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Startup means an entity (Private, Public, Proprietary, Partnership Firm), incorporated in India,

- a. As a private limited company (as defined in the Companies Act, 2013) or registered as a Partnership firm (registered under Section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India; and
- b. Not prior to seven years and in the case of Biotechnology Companies this period shall be up to 10 years; and
- c. With annual turnover not exceeding INR 25 crore in any preceding financial year; and
- d. Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation
- e. Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence and should not have been formed by the demerger or reconstitution of a business already in existence;



- f. Provided that such entity is not a holding company and it is not a subsidiary of any firm already in existence or except the subsidiary of any startup;

**Eligibility Conditions**

- a. Location: The company/entity be registered in Haryana under the Haryana Shops and Commercial Establishment Act, 1958 ; and
- b. Employment: The company employs at least 50 (fifty) per cent of its total qualified workforce in Haryana, which shall not include contract employees.

**Exit Conditions**

- a. If the company is found guilty on any charges of fraud or if the company is found to have made any false declarations to claim any benefits from or derived under this policy. Legal action shall be initiated to recover all financial assistance provided to such an entity.
- b. Once an entity ceases to be recognized as a start-up; the Government or entity through which the Government makes its investment will be eligible to exit its investment in the start-up and guidelines for exit will be framed for channelizing investments into the start-up.

**Certification of Startups for Haryana Startup Policy benefit**

All applications of potential startups received shall undergo a preliminary examination by Startup wing of HARTRON. After preliminary examination a list of shortlisted applications shall be tagged to the concerned subject related incubators. The Incubators after the incubation process shall prepare a proposal on the following issues

- a. The amount of funding assistance required at various stages
- b. Any requirement of common infrastructure or other infrastructure created under this policy
- c. Any assistance as envisaged under this policy
- d. Business Plan

The list of such recommendations/proposals of the incubators shall be placed before the Policy Implementation Committee. The Committee shall examine these recommendations and recommend for certification of startups. It is only after this certification that the startups shall be eligible for financial incentives under this policy.

Or, startup recognized by DIPP and fulfilling the above mentioned eligibility criteria may avail the financial incentives under this policy

## **Initiatives by Government of India**

Initiative	Commencement	Description
Make in India	September 2014	The intent of the campaign is to attract foreign investments and encourage domestic companies to participate in the manufacturing, thereby contributing to the country's growth story. To promote manufacturing sector, government is giving impetus in the form of single-window clearances, minimal procedures & cutting out of any redtapism to set up businesses
Standup India	August 2015	<p>The campaign aims at promoting entrepreneurship among women and scheduled castes and tribes. Some of the salient features include:</p> <ul style="list-style-type: none"> <li>Loans under the scheme would be given for Greenfield projects in the non-farm sector</li> <li>Intention of the scheme is to facilitate at least two such projects per bank branch</li> <li>The scheme is expected to benefit at least 250,000 borrowers in 36 months from the launch of the scheme.</li> </ul>
Digital India	July 2015	<p>The vision of the program is to transform India into a digitally empowered society and knowledge economy</p> <p>The program aims to ensure that government services are made available to every citizen through an online platform. Private sector has committed funds at the launch of this initiative to fund new ventures, representing a huge business opportunity for startups.</p>
Micro Units Development Refinance Agency (MUDRA)	April 2015	<p>The Indian government launched Mudra Bank to boost the growth of small businesses, manufacturing units and small entrepreneurs</p> <p>The bank would provide credit facility of up to INR 50,000 to small businesses, loan of up to INR 5 lakh to little bigger businesses and loan of up to INR 10 lakh to the MSME sector at low rates</p> <p>In January 2016, the Union Cabinet gave approval for the conversion of MUDRA Ltd to MUDRA-Small Industries Development Bank of India (SIDBI) and for the creation of a credit guarantee fund for MUDRA loans. The MUDRA scheme is expected to benefit 1.73 crore people.</p>

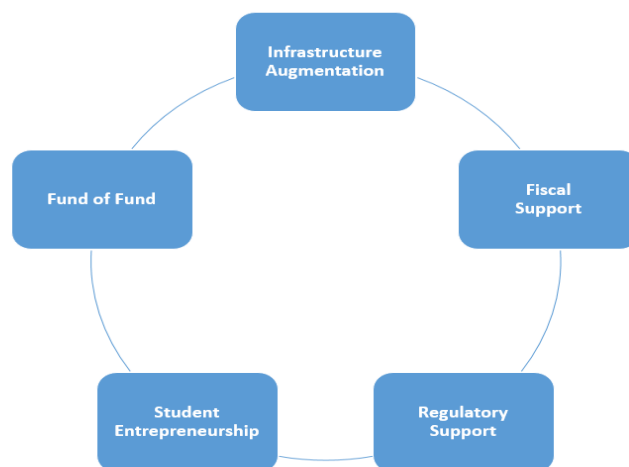
India Aspiration Fund	August 2015	The finance minister also announced the India Aspiration Fund to encourage the startup ecosystem and allocated INR 400 crore to various venture funds. He also launched another program called SMILE (SIDBI Make in India Loan for Small Enterprises) with an allocation of INR 10,000 crore. The objective of the scheme is to offer soft loans in the form of quasi-equity and term loans on soft terms to MSMEs.
Startup Action Plan 2016*	January 2016	It is an initiative of the Government to build a strong ecosystem for nurturing innovation and Startups in the country. The action plan covers three aspects – simplification and handholding; funding support and incentives; and industry-academia partnership and incubation

### **Other Supporting Programs for Start-ups**

Program	Initiated by	Objective	Core Functions
Atal Innovation Mission	NITI Aayog	To serve as a platform for promotion of world-class Innovation Hubs, Grand Challenges, Start-up businesses and other self-employment activities, particularly in technology driven areas	1. Entrepreneurship promotion 2. Innovation Promotion
Scale-up Support to Established Incubation Centers	NITI Aayog	To scale-up support to enable Established Incubation Centers	Grant-in-aid support of INR 10 crore will be provided in two annual installments of INR 5 crore each
www.10000startups.com	NASSCOM	Startups will be also offered 3 to 4 months of incubation at leading incubators of India, along with co-working space at affordable cost	close to 500 entrepreneurs who will be eligible for funding ranging from INR 25 lakh to INR 2 crore through leading angel investor networks of the country

## Pillars of the Policy

- Infrastructure augmentation
- Fiscal Support
- Fund of Fund
- Regulatory easing
- Student Entrepreneurship



## 1 Infrastructure augmentation

Infrastructure will be key to the growth of startups in the State. Affordable work spaces that are equipped to handle the connectivity and creative requirements of startups, will be essential in building a healthy ecosystem. It shall be endeavor of the Government of Haryana to create a world class incubator facility that offers an end to end ecosystem for entrepreneurs. Innovation and incubation does not limit itself to Information technology sector alone but has its scope in all the sectors including agriculture, traditional industries, Ayurveda, health, nutrition & food supply, energy & environment and vast service sector, which are currently not tapped optimally. For this the Government of Haryana aims to develop world-class physical infrastructure in the state that will provide conducive environment for ideas to originate, scale-up and see business fruition.

### 1.1 Developing Training & Plug and Play Infrastructure

State Government has initiated a number of measures to improve the start-up ecosystem in Haryana. An Innovation Hub in Gurugram spreading over an area of 30,000 sqft has already been setup comprising of Startup Warehouse, Mobile Application Centre, United Nation Technology & Innovation lab and IoT (Internet of Things) Centre

- Start-up Warehouse:** Haryana State Electronic Development Corporation Limited (HARTRON) is introducing a start-up warehouse on 10,000 Sq. ft. of land in Gurugram in association with NASSCOM Initiating with fortyseater and eventually become an eighty seater. The Startup warehouse shall offer shared office space to startups and entrepreneurs in a plug and play format which will include physical space, meeting space, operational facilities including 24\*7 & 100% power backup, Leased internet line, Clean drinking water, Air-conditioning etc., common facilities including Lecture room, classrooms, rooms for administrative activities of the Warehouse, fully equipped labs, Cafeteria, Reception/ waiting area etc. The warehouse would offer other services such as mentorship, training, legal, regulatory etc.

- b. **Mobile Application Centre:** Haryana Government has signed a MoU with IAMAI to establish Mobile Application Centre over an area of 10000 Sq. ft. at HARTRON Multi Skill Development Centre (HMSDC), in Gurugram. The state government would provide financial assistance for setting up the center. The idea behind is to develop a center of excellence of App development in much structured way & creating a platform for amateurs to interact with industry experts who shall mentor the budding developers.
- c. **United Nation Technology & Innovation Lab (UNTIL):** State would be setting up UNTIL in collaboration of United Nation to promote the women entrepreneurship & digital literacy in the State. The dedicated objectives of this lab would be as follows:
- To encourage women entrepreneurship
    - Support Local Women Startup Eco-system – Build a strong eco-system of 50 startups by 2019
    - Promoting Global Technological Opportunities for women in Haryana – Three tie up with Global Platforms by 2019
    - Target of USD 5 Million in fund raising for women technology startups in 5 years
  - Big Data for Resident Card Project Support in Haryana
    - Support State Government for Big Data/Aadhar Card expansion Project
    - Facilitate International Technology Partnerships
    - Bringing in best practices in Haryana, being employed world-wide, for the identity of all Humans
    - Inclusion in the UN support for Global ID 2020 Program, Haryana being the first State in India in the project
- d. **IoT Centre:** An IoT center would be setup in collaboration with NASSCOM and ERNET, the aim is to provide platform for Design, prototype to realizing product by harnessing creative capability of Academia, Industry, start-ups and entrepreneurs
- e. **Entrepreneurs' Centre (Plug & Play Infrastructure):** Two Entrepreneur Center would be developed in the State, one in Gurugram over the land of 2 acre and another one in Panchkula over a land of 6.5 Acre. The purpose of these centers would be to provide holistic infrastructure support to startups. The establishments will be a unique public/private partnership between the government of Haryana, renowned academic institutes & key private sector leaders. It stands at the intersection of the start-up, academic, corporate, research and government sectors. This center would be working towards achieving the following objectives:
- Execute partnerships with global accelerators, private companies, trade associations, foreign governments, think tanks and non-government organizations for building a model mentorship platform offering a range of expertise that can make Centre a creative and innovation powerhouse.
  - Execute partnerships with globally recognized startups that based in the state and in an endeavor to create learning systems that help local startups scale globally.
  - Attract the best startups and entrepreneur organizations from across the world to Gurgaon.

## 1.2 Incubation Centers

The incubation center would be created across the State in every district in the phased manner and the district would be earmarked for the specific sector based on the resources availability in that region. The State aims to create Multi-tenant facilities, centers of knowledge transfer and stakeholder networks with on-site management and business support strategies that direct diverse business incubation programs. The start-up enrolled with Government start-up program will be given space in Government/Government supported Incubation Centre only for one time, subject to maximum period of 1 year. The Incubation infrastructure & services are designed in a way to support idea or start-ups holistically. The incubation centers would facilitate the following activities:

- a) Common Working Space: Total of 1million sq. ft. Working space would be created across the State. The components under the program will include Plug & Play Infrastructure fully furnished & ready to use with internet connectivity, Electricity, Water, Security & other office facilities. Centre would also facilitate mentoring support in business and technology plans, networking of business resources, entrepreneurship cum skill development, identification of appropriate technology, hands on experience on Projects, Projects/ Products selection, project report preparation, credit facilitation, seed capital assistance, marketing assistance, professional assistance to make the enterprise successful and achieve higher growth
- b) Test and demonstration facilities: Some specific infrastructures will be developed as access to equipped laboratories, prototyping, testing and demonstrating facilities. It is crucial for the start-ups to have access to such facilities either at subsidized rates or an in-house facility or could be provided in universities or at other company locations. The foremost purpose is to scale-up research in medical field, industrial processes or any science & technology thrust area
- c) Mediation & Network: Fundamental for the future of the company is the access to the incubator stakeholder network to get in contact with professionals and alumni associations, to establish long-term and professional relationships with higher education institutions in the region, to enter a strong and strategic network of companies and institutions and to start nurturing links with strategic partners. A successful high tech incubator, often applying a strict selection process, sometimes has the advantage to attract investors or investment funds and have access to (non) commercial loans
- d) Training & Coaching: The idea here is to train start-up minds with some real-time scenarios wherein, they will develop skills to tackle specific challenges on a daily basis, for example; technology commercialization, presentation/pitch skills, human resources, identifying market opportunities, and customer relation. External experts and/or experienced entrepreneurs will be appointed to act as a mentor and coach during the incubation phase. The mentor is also involved to provide support in obtaining the essential knowledge about the product and the market to be addressed
- e) Business Support: Guiding is one factor that can boost start-up ecosystem in right direction. Every incubation programme also gives business support to assist the start-ups in managing their future market and business related issues. A start-up can look up for guidance in business

strategy development, sales and marketing, or web design. Another important service is added recently i.e. legal services that includes intellectual property rights of the new product, the establishment of the new company as a legal entity and on regulation compliance

### 1.3 Incubation Network in Haryana

- a) State owned Incubation Network: State would develop its own incubation network by leveraging the existing infrastructure present in the State. The creation of network would be analogue to Hub & Spoke Model; Startup Warehouse already operating in Gurugram, in collaboration with NASSCOM, would be nominated as Hub Incubator & at least one institution in every district would be Spoke/Branch Incubator. The district would be mapped for sectoral potential & earmarked institution would be bestowed upon with the responsibility to establish incubation in sync with the mapped potential. Initial study suggests, NIT Kurukshetra to be fit for Robotics, PGIMER Chandigarh for Biotechnology or Life science related Startups. Similarly, other institutes would be also mapped and notified time to time
- b) Technology Business Incubator & Livelihood Business Incubator: To promote the entrepreneurship among the youth residing in rural areas and to equip them with requisite skillset & knowledge, the State would leverage ASPIRE scheme of Ministry of MSME, Government of India, and will support in setting up incubators either on its own or in PPP mode, and may provide additional financial support if needed
- c) Accelerator: The Government shall establish at least one world class Accelerator by inviting Global Accelerators to set up their program in the State by providing support and space to bring in international expertise
- d) Private Incubation Centre: The recognized & established player in this field would be invited to establish incubation centers in the State. The government would assist & handhold in all possible ways be it preferential treatment for providing land, fast tracked approval & other fiscal incentives needed for making the center viable during initial years.

### 1.4 Promote Cyber Security Businesses

As per the national security policy, importance is laid on design and development of indigenous products in national interest to secure cyber space of India. Government of Haryana assures to promote Haryana State as business destination for enhance activities of cyber security R&D in government for indigenous products, encourage startups, SMEs and firms to design and develop security products for global requirements. Organization/Startups related to cyber security would be extended the benefits of this Policy provided that they meet the terms of Startup definition and the other eligibility criteria as stated above.

## 2 Fiscal Support

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During the early years, the startup needed supports and if it comes from the government the possibility of getting success increase and moreover it encourages people to take entrepreneurship as career option. So, to boost the entrepreneurship in the State, Government has proposed slew of incentives for incubators and Startups.

## 2.1 Fiscal Incentives to Incubators

Government shall facilitate setting up of Incubators in Government Institutions as well as Private Institutions. The selection of Host Institution expressing intent to establish Incubators shall be decided by Policy Implementation Committee.

Selected Host Institutes as Incubators shall be responsible to provide basic 'plug & play' facilities such as Work space with computer and Internet Broadband Connectivity, Conference room, and Training & Mentoring facilities to startups.

State support would be provided to Incubators for maximum of 5 years based on performance, at the end of which Incubator is expected to be self-sufficient.

- a) Capital Subsidy:
  - (i) Government Host Institutes shall be provided capital grant of 50% of Capital Investment (excluding land cost) for setting up Incubator, Subject to max INR 1 Cr
  - (ii) Private Host Institutes shall be provided capital grant of 50% of Capital Investment (excluding land cost) for setting up Incubator, Subject to max INR 50 lakh.
- b) Exemption on Rental Charge: Incubators would be given 50% exemption on lease rent and operation & maintenance charge for Govt. owned building for 3 years, upto a maximum of INR 5 lakh per annum per incubator
- c) Recurring expense reimbursement: Govt. Incubators shall get the support for recurring expenses as Operational Subsidy assistance upto the limit of INR 1lakh per year for a period of 3 years
- d) Stamp Duty & registration Reimbursement: Incubators shall be provided 100% Stamp duty registration exemption on purchase/lease of land/Office space/IT Building with the condition of commencing operation within 2 years
- e) Mentoring & Training: In order to provide mentoring for priority issues such as fundraising, scaling, recruitment and product interface, Incubators shall be provided Mentoring Assistance support upto a limit of INR 3lakh per year.
- f) Assistance for participating in Fair/Exhibition: The Industry association/Incubators leading a delegation of startups to National and International Fair/Exhibition or for organizing such fair/exhibition/seminars should be provided financial assistance up to INR 25 Lakh or as actual basis. At most 12 such events would be supported by the State government annually.
- g) Startup Competition assistance: To encourage entrepreneurship culture in colleges, Eligible Institutes of National Importance, State Universities & Central Universities based in Haryana, established Incubators in these institution's premises shall be supported by state government to organize such startup competition fest annually in which state shall provide assistance upto the limit of INR 5 lakh per event.



## 2.2 Incentives to Startups/Entrepreneurs

The policy's vision and mission are centered on an entrepreneur walking in with an idea, vet/validate the idea through appropriate filters, and acquire assistance and mentoring of the highest quality followed by, investment facilitation through funds and various incentives, and a clear roadmap to the path towards scalability. The incentives are as follows:

- a) Lease rental subsidy: Reimbursement of 25% of lease rental subsidy to eligible startup units established in the state, operating from Incubators/IT Parks/Industrial Clusters or any other notified location shall be eligible for a period of 1 year subject to the ceiling of INR 1 lakh per annum.
- b) Innovation promotion subsidy: Cost reimbursement for max 3 Patent/Quality certification per Unit up to a limit of INR 2 lakh for domestic & INR 5 lakh for International Patent/Quality certification upon successfully receiving them
- c) EPP 2015 MSMEs Incentives: Incentives/ provisions under Enterprise Promotion Policy 2015 in force will be available to startups. However the incentive for the same component cannot be claimed from more than one scheme
- d) Assistance for Program/App development: Government to empanel software/mobile app development agencies for extending programming/app development support to eligible startups, and would reimburse development cost to the tune of 60% for application development undertaken through empaneled agencies, to the ceiling of INR 1 lakh per startup

## 3 Fund of Fund

In order to provide funding support to startups, government would create a corpus of INR 115 Cr with aim to get utilized at two level; firstly as seed funding for incubating the ideas and secondly financial support through venture capital funds for scalability. The Fund for scalability will be in the nature of "Fund of Funds (FoF)", which means that it will not invest directly into Startups, but shall participate in SEBI-approved early stage Venture Capital Funds, Up to 10% as Limited Partner. The Venture Capital Fund so created shall invest twice the amount contributed by the State Government in startups located in Haryana, basing on its own criteria.

### 3.1 Seed Funding

A Seed Grant up to INR 3 Lakhs per start-up shall be provided for validation of idea, prototype development, assistance towards travelling costs and carrying out field/ market research/ skill training/ marketing and initial activities to setup a startup etc. Seed funding to startups would be routed through State/Centre recognized Incubators. The incubatee would apply for the grant in the incubators where it is being incubated & incubator after due diligence would forward the case to the Implementation Committee. Startups need not necessarily be incubated in the incubator for being eligible for seed funding but such independent startup would be tagged to related incubators for due diligence and further recommendation to implementation committee. The Implementation Committee would further give its recommendation & accordingly sanction the grant on merit of the idea. The fund disbursement mechanism would be as follows:

- a) The State Government shall create a corpus of INR 15 crore for Seed funding of startups incubated in these incubators and would help in fructification of at most 500 ideas during the policy period

- b) In case of funding through privately run incubator, the incubator shall match the seed fund given by Government under this policy
- c) A committee formed by Government shall conduct a review meeting once in three months to evaluate incubators' performance and issue necessary guidelines if needed
- d) Government shall be diverting a part of profits accumulated as a result of seed funding to build support mechanism for new incubators
- e) Government may issue mandate regarding the utilization of funds as per sector or industry

### **3.2 Funding for Scaling up**

The government shall encourage the banks & financial institutions to enhance & extend their existing scheme of lending to the startups on convenient terms (e.g., collateral- free lending, soft loans, interest free loans etc.).

In addition, in the first year of policy launch, government would create a corpus fund of INR 100 Cr dedicatedly for category I funding to meet the funding requirement for scalability of Startups. The fund features would be as follows:

- a) The State Government shall set up a fund with an initial corpus of INR 100 Cr to be invested over a period of 5 years as the Alternative Investment Fund (AIF) identifies investment opportunities.
- b) The Fund would be about the nature of FoF, which means that it will not invest directly into the Start-ups, but shall participate with capital commitment in SEBI registered Category 1 AIF Venture Funds
- c) SIDBI would manage this Fund and would make the disbursement to Venture Capital Fund after due diligence, once the condition is fulfilled.
- d) The mandate would be given by state government to make 10% contribution in the total corpus of the VC Fund subject to the condition that VC invests twice the amount contributed by the State Government in the startups based in Haryana. The proportionate return or proceeds from the Venture Funds shall be remitted back to the FoF. This returns along with Capital gains shall be used to continue to fund Venture Funds to continuously support rapidly growing start-up eco-system.
- e) The State Government in total would contribute 10 % of the funds size to be raised by VC and it shall be released only when the VC makes investment in Haryana based Startup

## **4 Regulatory easing**

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In its endeavor to create a conducive business climate for companies, the Government of Haryana shall be implementing some landmark reforms for regulatory simplification. These reforms are aimed at improving the Ease of Doing Business in the State and ensuring hassle-free experience for the investor

#### **4.1 Optimizing Regulatory Framework**

Starting up a business involve getting various stages of departmental approval and clearances. Most of the startups are unaware of the complex policies and regulatory framework, which may hinder their regular operations. Therefore, it is imperative for Government to minimize the regulatory compliances, punitive actions and provide support /awareness to these propellers of next stage economic growth. In line with above, Government shall enhance the ease of doing business by introducing following provisions for Startups:

- a) All the clearances shall be approved under Single Window System of Haryana i.e. Haryana Enterprise Promotion Centre in time bound manner
- b) Startups and incubators in the state will be permitted to file self-certifications and will be exempted from inspections under the following acts and rules framed there under barring inspections arising out of specific complaints. In case a unit has to be inspected for certain reasons the permission of the District Magistrate shall be obtained
  - i. The Factories Act, 1948
  - ii. The Maternity Benefit Act, 1961
  - iii. The Shops and Commercial Establishments Act, 1958
  - iv. The Contract Labour (Regulations & Abolition) Act, 1970
  - v. The Payment of Wages Act, 1936
  - vi. The Minimum Wages Act, 1948
  - vii. Payment of Gratuity Act, 1972
  - viii. Child Labour (Prohibition & Regulation) Act
  - ix. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

#### **4.2 Adopting guideline of Model Shops and Establishment Bill 2016**

The State shall enact the provisions suggested in the bill to boost the employment opportunities for all and specifically for women. The establishment other than manufacturing units, employing ten or more people would be covered under this rule.

- a) This will include freedom to operate 365 days in a year and opening/closing time of establishment, women to be permitted during night shift, if the provision of shelter, rest room, ladies toilet, adequate protection of their dignity and transportation etc. exits
- b) Exemption of highly skilled workers (for example workers employed in I.T., Bio-Tech and R&D) from, daily working hours of 9 hrs. and weekly working hrs. of 48 hrs. subject to maximum 125 over-time hrs. in a quarter

#### **4.3 Preferential Procurement**

The Government shall encourage participation of Startups in the Government procurements by waiving off prior experience or turnover requirements so long as the product meets the desired specifications

#### **4.4 CSR Fund utilization for development of Startup Eco-System**

In order to build up the robust startup ecosystem in the state, CSR Funds of PSUs/Corporates will be utilized to strengthen the Incubators/ accelerators infrastructure, in compliance with the New Companies Act 2013

#### **4.5 Night Shift for women employee**

General permission shall be available for 3-shift operations with women working in the night for startups, subject to such units taking the prescribed precautions in respect of safety and security of employees

### **5 Student Entrepreneurship**

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Inculcating the habit and embedding the idea of innovation and entrepreneurship in the minds of citizens in every aspect of economic activity is essential for promoting the culture of innovation. This needs to be achieved through strong educational support to bring out innovators and technopreneurs among the youth. The Government would work with universities, educational institutions and the industry to provide pre-trained manpower in emerging technologies and to foster a culture of entrepreneurship in all sectors

#### **5.1 Academic Intervention**

- a) Update University Syllabus: The Universities will be advised to upgrade the course curriculum to be in tune with the emerging technologies and align to the requirements of the Startup sector, and to introduce courses in skill training and entrepreneurship development. Skill University would be the nodal agency to recommend these changes.
- b) Update State School Syllabus: Entrepreneurship will be introduced as part of the State School Syllabus to give students a general introduction to entrepreneurship and skills needed
- c) Faculty Upgradation: A special training programme shall be designed for faculty development to be equipped with the know-how of start-ups in order to cultivate entrepreneurship intellect
- d) Mandatory apprenticeship: All educational institutions offering under-graduate courses especially in science, commerce and professional streams shall implement a mandatory scheme of internship/ apprenticeship with the Government departments or other enterprises in the last year of the course under the aegis of Industry department. This may be waived off for students who are setting up their own startups in Incubators
- e) Credits to MOOCs and insertion as electives: The Universities will be advised to give credits to the students successfully completing notified online courses. The University in conjunction with Incubators operating in the state shall decide the number of credits and evaluation methodology for such courses. Students should be free to learn electives from first year of college as part of degree completion even though electives are available only from third or fourth year
- f) Gap Year - concept of Student Entrepreneur in Residence: Universities may introduce the concept of Student Entrepreneur in Residence. Students who wish to pursue entrepreneurship can take a break of one year, after the first year, to pursue entrepreneurship full time. This may

be extended to three years at the most and these three years would not be counted for the time for the maximum time for graduation. An approved scheme by the University would allow the parents to be comfortable and confident. The Gap Year facility may be given to ensure syllabus continuity at the time of joining back and after an appraisal process by an Incubator where the student is attached

## 5.2 Distribution of Technology Kit

Distribution of micro controller or microprocessor based Startup boxes to students to promote the learning of basic computer science and electronics in schools and ignite the imagination of students through Do-It-Yourself (DIY) projects. The schools in the state would be encouraged and helped to distribute such kits like, Raspberry Pi, Arduino, Little Bits & others. The Government would also make efforts to bring in private sector and utilize CSR funding for this purpose. 10,000 such kit would be distributed every year among the school going students, the selection would be made basis performance in quiz competition to be held on Science Day (28th February)

## 5.3 Annual Hackathon Competition

The State would be actively participating in Smart India Hackathon, with Gurugram being proposed for year 2018, wherein the startups/students would be invited to propose innovative solution for the social/economical challenges being faced by the Government. Total of five participants would be rewarded monetarily.

Winner- INR 1 Lakh; 1st runner up – INR 75,000; 2nd runner up – INR 50,000; 3rd & 4th runner up – 25,000 each

## Scientific Conferences for Industry-Institute collaboration

Scientific conference would be conducted annually by inviting scientists and researchers from around the world in participation with Research Institutions with the aim to create collaborations with colleges and scientists that can lead into new products and business opportunities through research. The Department of Science & Technology and Haryana State Industrial Development Corporation shall jointly organize this annual conference.

# 6 Establishing Policy Implementation Committee

A Committee shall be constituted under the chairmanship of Administrative Secretary, IT, Haryana; it shall also include professionals from diverse field which would include Banking Professional, Fund Manager, Academician, Association Member etc. the composition of committee shall be:

Administrative Secretary, IT, Haryana	Chair Person
Managing Director, Hartron, Haryana	Deputy Chair Person
Dean, IIM Rohtak	Member
Regional Head, SIDBI	Member
Representative from Funds	Member
Representatives of Association	2 Member
Special Invitee members (Subject/Sector Expert)	2 Members